



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH DEVELOPMENT AND ACQUISITION
103 ARMY PENTAGON
WASHINGTON DC 20310-0103

28 OCT 1996

REPLY TO
ATTENTION OF

SFAE-CSA-PPP

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Streamlined Purchase Card Procedures

The U.S. Army Audit Agency recently completed a study to determine savings associated with the use of the IMPAC Purchase Card. The study concluded the average savings for the use of the purchase card in lieu of a purchase order was \$92.60. Of the savings, \$10.51 was attributed to the cardholder if also the customer, \$18.01 was attributed to resource management, \$21.10 to logistics, and \$42.98 to contracting.

During the audit, however, auditors continually found operating procedures for the card's use to contain many non-value added requirements. These requirements are impediments to expanded use of the card. Many activities continue to require formal documentation (DA Form 3953) or other formats and approvals prior to purchasing items with the card. While technical screening/authority is required on certain items like hazardous material or critical weapons parts, the majority of current card purchases do not require prepurchase approvals or formal documentation for proposed purchases.

Cardholders should be provided screening tools such as FEDLOG or the AMDEF to determine appropriate sources of supply. In cases where these tools cannot be provided or otherwise made available to cardholders, screening performed by other organizations should be responsive to the cardholders (within 24 hours).

As we move away from pre-approvals, the importance of the approving official's review increases. Approving officials are to be held accountable for review of cardholder monthly statements. Review of the statements should be made to validate need of



the purchased item, availability of funding, and assurance that required coordination (property book officer, HAZMAT, etc.) on purchases was accomplished. Approving officials should also assure timely reconciliation by the cardholder to avoid late payment interest charges. Finally, oversight should be performed using nonimpeding audit techniques. Oversight by functional areas should not be conducted on monthly statements of account in any way which may result in delaying the reconciliation and/or forwarding of the statement to the payment office.

I ask each of you to review the above findings and take appropriate action to remove all non-value added requirements within your purchase card procedures. If you have questions on these audit findings or on other issues with the Purchase Card Program, please call Mr. Bruce E. Sullivan at (703)681-7564/(DSN) 761-7564 or (e.mail) sullivan@sarda.army.mil.



Kenneth J. Oscar
Deputy Assistant Secretary of the Army
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